

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Computation of Revenue Deficiency

	Reference	Updated Pro Forma
Rate Base Proposed	EN 2-4	149,670,191
Rate of Return	EN 3-1	9.26%
Income Required		13,859,460
Adjusted Net Operating Income	EN 2-2-1A	7,845,480
Deficiency		6,013,979
Tax Effect		1.6814
Revenue Deficiency		10,111,777
Revenue Increase	EN 2-2-1A	10,111,777
Income Tax Rate		41%
Income Tax	EN 2-2-1A	4,097,798

ENERGY/NORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Summary of Pro Forma Adjustment Income or Expense

	Reference	12 Months Ending June 30, 2007	Pro Forma Adjustments	Pro Forma Test Year	First Preceding Fiscal Year Ending Dec 31, 2006	Second Preceding Fiscal Year Ending Dec 31, 2005
Operating Revenues	EN 2-2	176,520,190	4,339,111	180,859,301	160,839,242	166,215,324
Operation & Maintenance Expenses	EN 2-2-2 Sum	156,342,800	3,306,985	159,649,786	141,409,077	142,644,370
Depreciation	EN 2-2-4	8,824,109	(1,053,408)	7,770,701	8,684,205	7,929,666
Amortization		-	-	-	-	-
Loss from Disposition of Property		113,812	(113,812)	-	-	-
Taxes Other Than Income Taxes	EN 2-2-3, p1	3,762,548	50,413	3,812,960	3,744,352	3,270,262
Total Operating Revenue Deductions		169,043,269	2,190,178	171,233,447	153,837,633	153,844,298
Operating Income Before Federal Income Taxes		7,476,921	2,148,933	9,625,854	7,001,609	12,371,027
State Income Taxes	EN 2-2-5 p1	194,223	179,205	373,428	158,502	668,332
Federal Income Taxes	EN 2-2-5 p2	1,449,455	(42,509)	1,406,945	1,314,870	3,031,353
Total Income Taxes		1,643,678	136,696	1,780,374	1,473,372	3,699,685
Operating Income After Federal & State Income Taxes		5,833,244	2,012,237	7,845,480	5,528,237	8,671,342
Rate Base	EN 2-4 p1	149,670,191	-	149,670,191		
Rate of Return	EN 3-1	3.90%		5.24%		

ENERGY NORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Attachment - Summary of Pro Forma Adjustment Income or Expense

	Reference	12 Months Ending June 30, 2007	Pro Forma Adjustments	Pro Forma Test Year	Proposed Rate Increase	Rate Year
Operating Revenues	EN 2-2	176,520,190	4,339,111	180,859,301	10,111,777	190,971,078
Operation & Maintenance Expenses	EN 2-2-2 Sum	156,342,800	3,306,985	159,649,786	-	159,649,786
Depreciation	EN 2-2-4	8,824,109	(1,053,408)	7,770,701	-	7,770,701
Amortization		-	-	-	-	-
Loss from Disposition of Property		113,812	(113,812)	-	-	-
Taxes Other Than Income Taxes	EN 2-2-3, p1	3,762,548	50,413	3,812,960	-	3,812,960
Total Operating Revenue Deductions		169,043,269	2,190,178	171,233,447	-	171,233,447
Operating Income Before Income Taxes		7,476,921	2,148,933	9,625,854	10,111,777	19,737,631
State Income Taxes	EN 2-2-5 p1	194,223	179,205	373,428	859,501	1,232,929
Federal Income Taxes	EN 2-2-5 p2	1,449,455	(42,509)	1,406,945	3,238,297	4,645,242
Total Income Taxes		1,643,678	136,696	1,780,374	4,097,798	5,878,171
Operating Income After Federal & State Income Taxes		5,833,244	2,012,237	7,845,480	6,013,979	13,859,460
Rate Base	EN 2-4 p1	149,670,191	-	149,670,191		149,670,191
Rate of Return	EN 3-1	3.90%		5.24%		9.26%

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Schedule 1D - State Income Tax Computation - Utility Operations

	12 Months Ending June 30, 2007	Pro Forma Adjustments	Pro Forma Test Year	Proposed Rate Increase	Pro Forma Test Year
OPERATING INCOME BEFORE INCOME TAXES& INTEREST CHARGES	7,476,921	2,148,933	9,625,854	10,111,777	19,737,631
INTEREST CHARGES and Other Charges	3,000,384	2,253,040	5,253,424	-	5,253,424
OPERATING INCOME BEFORE INCOME TAXES	4,476,537	(104,107)	4,372,430	10,111,777	14,484,207
SECTION I. FLOW THROUGH ITEMS					
Permanent Differences					
Lobbying Expenses	(6,812)	6,812	-	-	-
Meals & Entertainment	(96)	-	(96)	-	(96)
Penalties & Fines	6,750	(6,750)	-	-	-
Medicare Income	20,938	-	20,938	-	20,938
Total Perm Ms	20,780	62	20,842	-	20,842
Income Subject To Tax	4,497,317	(104,045)	4,393,272	10,111,777	14,505,049
Income Tax @ 8.5%	382,272	(8,844)	373,428	859,501	1,232,920
Accrual To Return Adjustment					
Current	764,445	(764,445)	-	-	-
Deferred	(952,494)	952,494	-	-	-
Total	(188,049)	188,049	-	-	-
State Income Tax Expense	194,223	179,205	373,428	859,501	1,232,929
Timing Differences					
Deferred Gas Costs	3,487,990	(3,487,990)	-	-	-
Gain/Loss on Sale of Assets	95,276	(95,276)	-	-	-
AFUDC Debt	(127,738)	-	(127,738)	-	(127,738)
Pension Cost	1,077,059	-	1,077,059	-	1,077,059
Unbilled Revenue	4,589,307	-	4,589,307	-	4,589,307
Unamortized Debt Expense	28,898	-	28,898	-	28,898
Bad Debts	(4,066,237)	-	(4,066,237)	-	(4,066,237)
Gas Research Institute	(137,379)	-	(137,379)	-	(137,379)
Incentive Plan	(83,619)	-	(83,619)	-	(83,619)
OPEB/FASB 106	6,610	-	6,610	-	6,610
Performance Shares	(24,996)	-	(24,996)	-	(24,996)
Vacation Accrual	15,035	-	15,035	-	15,035
Environmental Clean Up Costs	(2,355,301)	-	(2,355,301)	-	(2,355,301)
Cathodic Protection	(39,640)	-	(39,640)	-	(39,640)
CIAC -- Deferral	660,376	-	660,376	-	660,376
Depreciation Expense -- Tax	(5,494,690)	-	(5,494,690)	-	(5,494,690)
Depreciation Expense -- Books	5,075,925	-	5,075,925	-	5,075,925
Removal Cost -- Deferral	230,495	-	230,495	-	230,495
Property Tax Deferral	2,100,000	-	2,100,000	-	2,100,000
Uniform Capitalization -- Section 263	(2,557,837)	-	(2,557,837)	-	(2,557,837)
UNICAP -- Self-Constructed Assets	(841,404)	841,401	(3)	-	(3)
Total Timing Ms	1,638,130	(2,741,865)	(1,103,735)	-	(1,103,735)
Taxable Income	2,859,187	2,637,820	5,497,007	10,111,777	15,608,784
Current Income Tax @ 8.5%	243,031	224,215	467,246	859,501	1,326,747
Current Accrual To Return Adjustment	764,445	(764,445)	-	-	-
Current Income Tax Expense	1,007,476	(540,230)	467,246	859,501	1,326,747
Deferred Income Tax Expense	139,241	(283,059)	(93,817)	-	(93,817)
Deferred Accrual To Return Adjustment	(952,494)	952,494	-	-	-
Deferred Income Tax Expense	(813,253)	719,435	(93,817)	-	(93,817)
Total Income Tax Expense Deferred & Current	194,223	179,205	373,428	859,501	1,232,929

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Schedule ID - Federal Income Tax Computation - Utility Operations

	12 Months Ending June 30, 2007	Pro Forma Adjustments	Pro Forma Test Year	Proposed Rate Increase	Pro Forma Test Year
OPERATING INCOME BEFORE INCOME TAXES& INTEREST CHARGES	7,476,921	2,148,933	9,625,854	10,111,777	19,737,631
INTEREST CHARGES and Other Charges	3,000,384	2,253,040	5,253,424	-	5,253,424
OPERATING INCOME BEFORE INCOME TAXES	4,476,537	(104,107)	4,372,430	10,111,777	14,484,207
State Income Taxes	382,272	(8,844)	373,428	859,501	1,232,929
SECTION 1 - FLOW THROUGH ITEMS					
Permanent Differences					
Lobbying Expenses	(6,812)	6,812	-	-	-
Meals & Entertainment	(96)	-	(96)	-	(96)
Penalties & Fines	6,750	(6,750)	-	-	-
Medicare Income	20,938	-	20,938	-	20,938
Total Perm M's	20,780	62	20,842	-	20,842
Income Subject To Tax	4,115,045	(95,201)	4,019,844	9,252,276	13,272,120
Income Tax @ 35%	1,440,266	(33,320)	1,406,945	3,238,297	4,645,242
Accrual To Return Adjustment					
Current	(294,618)	294,618	-	-	-
Deferred	303,807	(303,807)	-	-	-
Total	9,189	(9,189)	-	-	-
Federal Income Tax Expense	1,449,455	(42,509)	1,406,945	3,238,297	4,645,242
Timing Differences					
Deferred Gas Costs	3,487,990	(3,487,990)	-	-	-
Gain/-(Loss) on Sale of Assets	95,276	(95,276)	-	-	-
AFUDC Debt	(127,738)	-	(127,738)	-	(127,738)
Pension Cost	1,077,059	-	1,077,059	-	1,077,059
Unbilled Revenue	4,589,307	-	4,589,307	-	4,589,307
Unamortized Debt Expense	28,898	-	28,898	-	28,898
Bad Debts	(4,066,237)	-	(4,066,237)	-	(4,066,237)
Gas Research Institute	(137,379)	-	(137,379)	-	(137,379)
Incentive Plan	(83,619)	-	(83,619)	-	(83,619)
OPEB/FASB 106	6,610	-	6,610	-	6,610
Performance Shares	(24,996)	-	(24,996)	-	(24,996)
Vacation Accrual	15,035	-	15,035	-	15,035
Environmental Clean Up Costs	(2,355,301)	-	(2,355,301)	-	(2,355,301)
Cathodic Protection	(39,640)	-	(39,640)	-	(39,640)
CIAC -- Deferral	660,376	-	660,376	-	660,376
Depreciation Expense -- Tax	(5,494,690)	-	(5,494,690)	-	(5,494,690)
Depreciation Expense -- Books	5,075,925	-	5,075,925	-	5,075,925
Removal Cost -- Deferral	230,495	-	230,495	-	230,495
Property Tax Deferral	2,100,000	-	2,100,000	-	2,100,000
Uniform Capitalization -- Section 263	(2,557,837)	-	(2,557,837)	-	(2,557,837)
UNICAP -- Self-Constructed Assets	(841,404)	(841,404)	(1,682,808)	-	(1,682,808)
Deferred State Income Taxes	(139,241)	139,241	-	-	-
Total Timing M's	1,498,889	(4,285,429)	(2,786,540)	-	(2,786,540)
Taxable Income	5,613,934	(4,380,630)	1,233,304	9,252,276	10,485,580
Current Income Tax @ 35%	1,964,877	(1,533,220)	431,656	3,238,297	3,669,953
Current Accrual To Return Adjustment	(294,618)	294,618	-	-	-
Current Income Tax Expense	1,670,259	(1,238,602)	431,656	3,238,297	3,669,953
Deferred Income Tax Expense	(524,611)	1,499,900	975,289	-	975,289
Deferred Accrual To Return Adjustment	303,807	(303,807)	-	-	-
Deferred Income Tax Expense	(220,804)	1,196,093	975,289	-	975,289
Total Income Tax Expense Deferred & Current	1,449,455	(42,509)	1,406,945	3,238,297	4,645,242

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Utility Operations Interest Deduction

Rate Base Proposed	EN 2-4	149,670,191
Long Term Debt	EN 3-1	<u>3.51%</u>
Interest Deduction		5,253,424

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Schedule 3 - Average Rate Base

	Total Gas Plant In Service	Noninterest Bearing CWIP	Reserve for Depreciation (1)	(Total) Net Utility Plant Service
June 2006	256,048,074	4,061,805	(86,895,808)	173,214,071
July	258,529,222	2,991,893	(87,389,034)	174,132,081
August	257,400,623	5,294,486	(87,957,995)	174,737,114
September	259,664,652	4,076,567	(88,427,685)	175,313,534
October	260,247,367	4,946,382	(89,000,314)	176,193,434
November	261,925,597	9,654,002	(89,286,828)	182,292,770
December	263,405,591	4,036,131	(89,611,827)	177,829,896
January	266,516,831	2,551,274	(90,109,657)	178,958,448
February	266,808,496	3,111,650	(90,748,792)	179,171,354
March	266,789,959	3,662,591	(91,360,626)	179,091,924
April	266,554,819	4,443,037	(91,868,166)	179,129,690
May	266,542,565	6,400,091	(92,438,371)	180,504,285
June 2007	270,444,136	1,858,805	(92,523,376)	179,779,566
Subtotal	<u>3,420,877,933</u>	<u>57,088,714</u>	<u>(1,167,618,479)</u>	<u>2,310,348,168</u>
Less:				-
1/2 June 06	128,024,037	2,030,903	(43,447,904)	86,607,036
1/2 June 07	135,222,068	929,403	(46,261,688)	89,889,783
	<u>263,246,105</u>	<u>2,960,305</u>	<u>(89,709,592)</u>	<u>176,496,819</u>
Total	<u>3,157,631,827</u>	<u>54,128,409</u>	<u>(1,077,908,887)</u>	<u>2,133,851,349</u>
				-
Average (Total ÷ 12)	<u>263,135,986</u>	<u>4,510,701</u>	<u>(89,825,741)</u>	177,820,946
				<u>(36,876,360)</u>
				140,944,586
				8,725,605
				<u>149,670,191</u>

(1) Includes:

- (a) Includes Asset Retirement Obligation in Account 254 - other deferred credits - averaging (\$782) thousand.
- (b) Includes Contributions in aid of construction - averaging (\$387) thousand.

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Schedule 3A - Working Capital

	<u>Reference</u>	<u>Amount</u>
Prepayments	EN 2-4-1 p2	155,604
Cash Working Capital Allowance	EN 2-4-1 p3	<u>8,570,001</u>
Total Working Capital		<u><u>8,725,605</u></u>

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Schedule 3A - Cash Working Capital Allowance

Operations & Maintenance Expense	156,342,800	
Less:		
Purchased Gas	135,339,224	
Uncollectible Losses Allowance	3,693,923	
	<u>139,033,147</u>	
Net	<u>17,309,653</u>	
Cash Allowance at 1/7th of Net Operations & Maintenance Expense		<u>2,472,808</u>
Plus:		
Purchased Gas	<u>135,339,224</u>	
Cash Allowance at 12,04/365		<u>4,464,340</u>
Total Cash Working Capital Allowance		<u>6,937,148</u>
		<u>8,570,001</u>
		<u>1,632,853</u>